

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
Bismarck, ND 58502**

June 20, 2006

SUBJECT: Community Facility Interest Rates, Grant Levels and Applicable Median Household Incomes

TO: All Rural Development Offices

PURPOSE/INTENDED OUTCOME: Advise of change in definition of State Non-Metropolitan Median Household Income, median household income levels, and quarterly changes in interest rates.

COMPARISON WITH PREVIOUS AN: This AN replaces ND AN No. 1458 (1942-A) dated March 30, 2006.

IMPLEMENTATION/RESPONSIBILITIES: Community Facility loans approved July 1, 2006 through September 30, 2006, will have interest rates as set out below. The 2000 Median Household Income will be used for all applications.

Effective November 15, 2004, the definitions of the State Non-metropolitan Median Household Income changed to "Median Household Income of the States' non-metropolitan counties and portions of the metropolitan counties outside of cities, towns or places of 50,000 or more population." This resulted in the Median Household Incomes as shown under the Interest Rates and Median Household Incomes for Grant Determination.

Interest Rates

4.500% - Poverty Line Rate: Must meet conditions of RD Instruction 1942.17 (f)(2)
Poverty Rate Income: \$27,104 or less.

4.500% - Intermediate Rate: RD Instruction 1942.17 (f) (3), not to exceed 7%.
Intermediate Rate Income: \$27,105 to \$33,880

4.500% - Market Rate: RD Instruction 1942.17 (f) (4).
Market Rate Income: \$33,881 or more

EXPIRATION DATE:
September 30, 2006

FILING INSTRUCTIONS:
Following RD Instruction 1942-A

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Median Household Incomes for Grant Determination

Median Household Income \$20,328 or less considered for 75% grant. Located in a rural community with 5,000 population or less.

Median Household Income \$20,329 to \$23,716 considered for 55% grant. Located in a rural community with 12,000 population or less.

Median Household Income \$23,717 to \$27,104 considered for 35% grant. Located in a rural community with 20,000 population or less.

Median Household Income \$27,105 to \$30,492 considered for 15% grant. Located in a rural community with 20,000 population or less.

Median Household Income \$30,493 or more: Not eligible for grant.

Grants amounts are further limited to the Economic Feasibility of RD Instruction 3570.61 (d). The amount of Community Facilities Grant assistance must be the minimum amount sufficient for feasibility purposes which will provide for facility operation and maintenance, reasonable reserves, and debt repayment. The applicant's available excess funds must be used to supplement eligible project costs.

CLARE A. CARLSON
State Director